

Key Investor Statistics

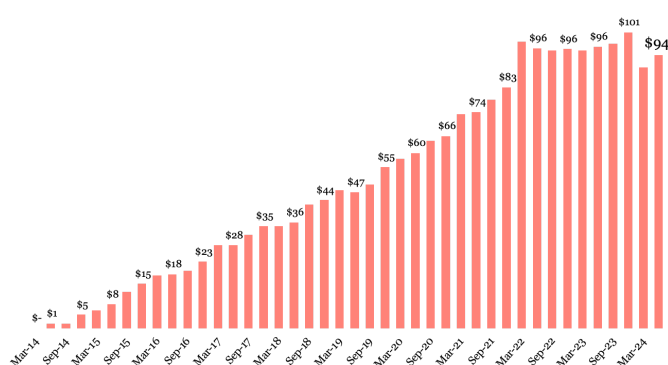
Asset Value	Investor Net Asset Value	Shares Issued	Annualised Share Price Return	Annualised Gross IRR**	TVPI	Portfolio Size
\$93.7m \$31.61 per Share	\$91.7m \$30.93 per Share	2,964,352	12% Since inception for original investors	15%	1.9x Gross uplift from investments	17 Active portfolio companies

*The Investor Net Asset Value (iNAV) is the Asset Value minus any performance fee and any accounts payable

**The annualised return from all portfolio investments. Includes reinvestment from exits and dividend proceeds and excludes management fees and expenses.

ASSET VALUE

(\$ MILLION, INCLUDES RECEIVABLES & PREPAYMENTS)



RETURNING CAPITAL POLICY

As announced in the [FY2024 Annual Report](#), the Board has agreed to important changes in our Capital Allocation Policy - to distribute some of the returns from exits and all returns from dividends back to shareholders.

PFL will return to shareholders:

- **Up to 35% of all proceeds from exits**, after provisioning for operating expenses and the performance fee.
- **100% of dividends received from companies.**

The Board would approve each capital return event, and also choose the approach taken to return capital.

POTENTIAL CAPITAL RETURN APPROACHES

Voluntary Share Buybacks:

1. PFL offers to acquire a certain percentage of each shareholder's shares at a fixed price. Investors can choose not to participate. The price would be set by the Board, likely at a discount to the iNAV per share.
2. PFL offers to buy a substantial amount of shares in a one-off auction via Catalyst. The clearing price would be set by investors offering to sell their shares.

Market Support - For smaller returns, PFL could buy shares, alongside other investors, in the quarterly share trading auctions.

Under each of the above options:

- Any acquired shares would be cancelled.
- Up to 20% of the capital allocated for distribution would contribute to PFL's performance fee liability, which may include issuing shares.

Dividends - When PFL receives material, fully imputed dividends from portfolio companies, it passes these through to investors. Investors may elect to automatically reinvest the proceeds. This is unlikely in the short to medium-term.

Manager's Commentary

We are happy to report a \$4.7m increase in Asset Value this month, as well as a new policy for capital returns.

INCREASED ASSET VALUE

The Asset Value increased from \$89.0 million to \$93.7 million, lifting the Investor Net Asset Value (iNAV) per Share from \$29.46 to \$30.93.


WHOLESALE OFFER

The rising Asset Value will require us to reissue the Wholesale Offer, increasing the price per share from \$28.50 to \$30.00. The updated Offer will be available on Catalyst.


[INVEST ON CATALIST.](#)


About Punakaiki Fund

Punakaiki Fund (PFL) is a venture capital investment company with total assets of \$94 million as at the end of June 2024. Punakaiki Fund is managed by 2040 Ventures Limited. PFL raises funds to make long-term investments into high-growth, revenue-generating New Zealand-based technology companies.

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CONTEXT

In 2021, after the exits of Vend and Timely, we surveyed investors to ask if they would like some of the capital returned through a share buyback. The answer was no, with investors representing 85% of the shares stating that they would not support a share buyback.

However, market conditions have since changed, and while the portfolio value has been resilient, we have received feedback from existing and potential investors that a policy of returning some of the proceeds from cash returns would be welcome.

PFL has received over \$25 million from exits and dividends so far. Our mature portfolio means that companies are more attractive to acquirers, and several are regularly approached. We maintain our long-term buy and hold strategy, but we actively help with exits when founders and other portfolio company shareholders require it.

HOW WOULD THE BOARD CHOOSE THE APPROACH?

The Board will determine which approach to follow based on the size and nature of any proceeds. When returning exit proceeds (but not dividends), up to 20% of the capital allocated for distribution would also contribute to PFL's performance fee to 2040 Ventures.

1. VOLUNTARY SHARE BUYBACKS

Voluntary share buybacks carry relatively small administrative burden, are likely to be tax efficient for many investors, can be fair to non-participating shareholders, and would likely be the preferred approach for distributions from material exits.

2. MARKET SUPPORT

This approach has the lowest administrative burden and is most appropriate for smaller cash returns, such as dividends received from portfolio companies in the short to medium-term. Market support would provide additional liquidity to the share trading windows, and should help the Share price better reflect our valuations. This approach is the most likely in the short-term.

3. DIVIDENDS

Paying dividends has the most associated administration, and so requires reasonably large tax-paid dividends to be paid into PFL from portfolio companies to make it worthwhile. We consider that this approach is unlikely for the next few years.

Dividends would be managed by Catalist, who would need to verify payment details for each shareholder. The dividend would be fully imputed (have attached tax credits equal to 28% of the total dividend, with the remaining 72% being a cash payment).

WILL THIS DELAY THE IPO?

Market feedback suggests that PFL's Asset Value needs to be of considerable scale in order to list the company. While distributions will lower the Asset Value, they will provide cash returns to investors. Depending on the approach, distributions may also increase the Asset Value per Share. This should encourage existing and new investors to invest new funds and be an important signal to larger, later-stage and IPO investors.

WHEN CAN WE EXPECT THE FIRST RETURNS?

The first capital return is likely to be from a Onceit dividend, but that is not confirmed. If the Board is comfortable with our cash runway, this distribution would be applied by PFL participating in future share trading windows (see 2. Market Support).

We have 18 companies (one out of mandate) in the portfolio, and it is normal that at least some of them are being approached by potential acquirers. These approaches are generally rebuffed, but occasionally can turn into exits.

HOW WOULD WE GET PAID?

Everything will be managed through [Catalist](#). PFL can already participate in share trading windows, and we would work with Catalist to run any formal share buyback programs - communicating instructions in advance. Dividends would also be paid via Catalist, although this would likely only happen when PFL receives material, tax-paid dividends from portfolio companies.

HOW WOULD I OPT OUT?

Shareholders participating in share buyback programs would need to actively opt-in. Opting out would simply require doing nothing.

In the longer-term, we may pass through dividends to all shareholders, but we would ensure that it would be easy, via the Catalist platform, to elect to reinvest the dividends.

Portfolio Highlights

RISE IN ASSET VALUE

For this June 2024 report, we formally valued and maintained our holding value for two smaller companies, and conducted our quarterly review process, checking for material changes in revenue or market multiples. We revalued Projectworks upwards, reflecting a combination of strong growth and capital raising commitments.



Projectworks continues to accelerate growth with a strong flow of customers from Bluerock - the replacement product for WorkflowMax - who are incentivised by the easy migration and delightful user experience that Projectworks provides. Projectworks, now under the new leadership of Mark Orttung, is recruiting top personnel in both New Zealand and the US to execute on their global ambitions.

HUNGRY HUNGRY | MOBI

The directors of HHM Global Pty Global met in Melbourne for the first board meeting in the last week of June 2024. It was exciting to have the new board and merged group working together as one and focused on optimising the products and teams to best deliver customer value and grow into Canada on the back of customers that Mobi already have in that market. We were also excited to have the Hungry Hungry founders leading the executive team, bringing the drive and energy that is typical of most founders.










orah

Orah has recently launched their 'Attendance' product which has received strong interest and early sales from independent day schools. Attendance solves day schools' critical problem of knowing where all their students are at any one time which is much harder than you think it would be. Kurt and the Orah Product team have done a great job in developing the best-in-class product with strong differentiation.

devoli

Devoli recorded 126,000 connections at the end of June, and by that metric, excluding Chorus, is the fourth largest telecommunications company in New Zealand. Devoli is the leader in helping companies from other industries adopt and sell broadband and mobile services.

Portfolio Net Asset Value - 30 June 2024

	Company	Company description	Shareholding	ROI	Last Valuation	Next Valuation	Holding Value
SUBSTANTIAL \$20m+	 devoli	Wholesale internet service provider powering Contact Energy & Nova	53.9%	3.5x	Mar-24 ▼	Mar-25	\$26.7m TTM Revenue \$114m
	O N C E · I T	New Zealand discount ecommerce site for fashion, furniture and more	25.6%	5.9x	Dec-23 ▲	Aug-24	
EMERGING \$5-\$20m	 projectworks	Software to run small technical and management consultancies	12.7%	3.5x	Jun-24 ▲	Jan-25	\$30.2m TTM Revenue \$48m
	 QUANTIFI PHOTONICS™	Optical photonics test & measurement equipment & software	16.4%	1.0x	May-24 ▲	May-25	
	 HUNGRY MOBI	On and off-premises hospitality digital ordering and engagement platform	15.0%*	0.7x	Sep-23 ▼	Jul-24	
	 CONQA	Quality assurance and productivity software for the construction sector	20.5%	1.0x	Dec-23 ▼	Sep-24	
	 whiparound	Digital fleet maintenance solution serving USA trucking market	3.0%	0.9x	Feb-24 ▼	Feb-25	
SUSTAINABLE \$1-\$5M	 COUCHDROP	Software for moving vast amounts of data between platforms	21.8%	3.3x	Dec-23 ▲	Aug-24	\$27.0m TTM Revenue \$11m
	 REDSEED®	Coach-led off-the-shelf and customised learning for frontline staff	47.8%	7.9x	Feb-24 ▼	Oct-24	
	 orah	Student engagement and wellbeing software used by elite schools	28.9%	4.6x	Feb-24 ►	Feb-25	
ASSET VALUE	Total Holding Value for top 10 investments						\$84.0m
	Holding Value for other active investments				June-24 ►		\$6.8m
	Investments Held For Exit (Escrow cash & companies)						\$1.2m
	Cash (net)						\$1.7m
Portfolio Net Asset Value							\$93.7m

Notes:


We perform or obtain an audited valuation for each investment at least once per year. All valuations are reviewed monthly and quarterly, checking for major changes in company and market performance, as well as other valuation inputs.

Portfolio Net Asset Value is the value of the portfolio plus cash adjusted for net working capital, excluding any impact of performance fee liabilities.



*HHM Global shareholding includes shares recently acquired by PFL that PFL only has a minor economic interest in

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